



SECTION 10

Facility Maintenance and Links to the Capital Budget

10.1 Linking the operating and capital budgets

Relationships between the operating and capital budgets

While agencies will submit a separate capital budget request, facility-related costs may appear in both the operating and capital budgets. The agency should ensure that:

- The operating budget includes all facility maintenance costs related to the capital budget request or to previously authorized facilities.
- The operating budget reflects operating impacts for capital projects completed during, or just prior to, the 2007-09 Biennium.
- The capital budget, like the operating budget, is derived from the agency's strategic plan.

The OFM capital budget instructions provide more information on capital budget submittal requirements and the expected links between the strategic plan and capital budget submittals. This section is meant to provide a checklist for agencies to synchronize their capital and operating budgets.

Is the capital budget request consistent with decision package responses?

In the decision package, under the heading "Relationship to Capital Budget," agencies must answer the question: "Can existing facilities accommodate this program without remodeling or renovation?" A "no" answer indicates a capital budget request may be appropriate.

Is the operating budget request consistent with the Deferred Maintenance Backlog Reduction Plan?

In the capital budget instructions, OFM will ask agencies to submit a Deferred Maintenance Backlog Reduction Plan (DMBRP). Generally, the operating budget should handle maintenance and the capital budget should handle repairs over \$25,000.

The DMBRP will describe the extent of the agency's deferred repair and renewal, how deferred maintenance, repair and renewal needs are changing over time, and whether any of the deferred backlog affects delivery of the agency's essential services.

The DMBRP should also include the agency's strategy for reducing its backlog. The cost of ongoing maintenance in operating budgets must be coordinated with proposals for facilities preservation projects in agency capital budgets. Please be sure your decision package narrative indicates whether the proposed request for maintenance will reduce the backlog.

Are capital project requests integrated with operating budget decision packages?

The Capital Project Request report requires information about operating budget costs (or savings) associated with a proposed capital project. OFM will review decision packages and Capital Project Request reports together to better understand the relationships and costs of agency programs and the facilities that support them.

Ensure consistency between operating and capital budget requests

In order to ensure consistency between your operating and capital budget requests, please:

- Make sure the agency's Ten-Year Capital Plan supports the agency strategic plan submitted to OFM on June 1.
- Discuss in the capital budget the agency activity performance measures affected by each individual capital project in the Ten-Year Capital Plan.
- Indicate in the capital budget the appropriate activity(ies) in the agency's activity inventory that are affected by each individual capital project request.
- Include lease or debt service costs for alternate-financed capital projects in the agency's operating budget during the biennium in which they occur.
- Include operating and maintenance cost estimates in the agency's operating budget for capital facilities or for land acquisition or improvement where the primary purpose is recreation or wildlife habitat conservation.
- Include in the agency's operating budget the costs associated with construction, renovation, and occupancy of space in Thurston County owned and managed by the Department of General Administration.